

**GOVERNMENT OF TELANGANA
ABSTRACT**

RWS&S- Telangana Drinking Water Supply Project (Mission Bhagiratha) - Borrowing of loan of Rs.794.40 crores from NABARD Infrastructure Development Assistance (NIDA) for two segments Palair and Wyra of Khammam District with an estimated amount of Rs.993.00 Crores for the year 2017-18 - Permission – Accorded- Orders- Issued.

PANCHAYAT RAJ AND RURAL DEVELOPMENT (RWS-IV) DEPARTMENT

G.O.Rt.No. 499

Dated: 24-07-2017

Read the following:-

1. G.O.Ms.No.17, PR&RD (RWS) Dept., dt.30.1.2015 & G.O.Ms.No.43, PR&RD (RWS-IV) Dept.,dt.15.05.2015.
2. From the Chief General Manager, NABARD, Lr.No.NB/TSRO/BID /NIDA-TDWSL/Khammam/1231/2017-18, dt:10.7.2017.
3. From the ENC, RWS&S, Hyd., Lr.No.A2/TDWSP/NABARD/2017-18, dt:13.7.2017.

ORDER:-

In G.O. 1st read above, orders have been issued constituting the Telangana Drinking Water Supply Corporation (TDWSC) to execute and maintain the Telangana Drinking Water Supply Project (Mission Bhagiratha).

2. In the reference 2nd read above, the Chief General Manager, while enclosing the terms and conditions of loan for Telangana Drinking Water Supply Corporation in two segments of Palair and Wyra of Khammam District has stated that NABARD has in principle agreed to sanction 80% the project cost i.e.Rs.794.40.00 crores out of the total project cost of Rs.993.00 crores, and Rs.198.60.00 crores as 20% State share and also requested the Managing Director, Telangana Drinking Water Supply Corporation to give acceptance for the terms and conditions set out in the Annexures I,II & III therein.

3. In the reference 3rd read above, the Engineer-in-Chief, Rural Water Supply & Sanitation, Hyderabad has stated that the proposals for two segments of Palair and Wyra of Khammam District with an estimated amount of Rs.993.00 Crores were submitted to NABARD for sanction of loan under NIDA. He has also stated that the Chief General Manager, NABARD has forwarded the letter of sanction for implementation of the Mission Bhageeratha for an amount of Rs.794.40 (80% of the project cost Rs. 993.00 cores under NIDA) and 20% of the project cost i.e., Rs.198.60 crores under State share to the above proposed segments along with terms and conditions for acceptance of the competent authority. The Engineer in Chief, RWS&s, Hyderabad has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above two segments and to issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with NABARD under NIDA by TDWSCL.

4. Government after careful consideration of the matter, hereby accord permission to the Managing Director, Telangana Drinking Water Supply Corporation to borrow the loan amount of Rs.794.40 Crores (Rupees Seven hundred Ninety Four Cores and Forty Lakhs only) out of the total project cost of Rs.993.00 Crores (Rupees Nine hundred and Ninety Three Crores Only) from NABARD Infrastructure Development Assistance (NIDA) for implementation of Telangana Drinking Water Supply Project in (2) segments i.e. Palair and Wyara of Khammam District for which Govt. of Telangana will stand as guarantee for repayment of loan taken from NABARD covering principle and interest. The remaining 20% of amount i.e. Rs.198.60 crores will be met by the Govt. of Telangana through budgetary support. The terms and Conditions approved by the Govt., are appended as annexure to this order.

5. The guarantee commission shall be paid at the rate of 2% consolidated over the guarantee amount to State Government, the same shall be charged to the project cost from the savings available (if any) or project cost to be revised duly considering the guarantee commission. The TDWSCL shall remit the amount to Government to the following Head of Account: "0070 Other Administrative Services – 60. Other Services – MH 800. Other Receipts – SH 08 Commission for guarantee given by Government".

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6. The Managing Director, Telangana Drinking Water Supply Corporation shall take necessary action in the matter accordingly.

7. This order issues with the concurrence of the Finance (DCM) Department vide their U.O.No.8958/133/A1/2017, dt.20.7.2017.

7. This order is available on the internet and can be accessed at the address <http://www.goir.Telangana.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

**S.P. SINGH
CHIEF SECRETARY TO GOVERNMENT &
SPECIAL CHIEF SECRETARY TO GOVERNMENT (RWS)(FAC)**

To
The Managing Director,
Telangana Drinking Water Supply Corporation, Hyderabad.
The Director of Treasuries and Accounts, Telangana State, Hyderabad.
The Accountant General, Telangana State, Hyderabad.

Copy to:

The PS to Secretary to Hon'ble Chief Minister
The PS to C.S & Special Chief Secretary (RWS) (FAC)
The Finance (DCM) Department.
The Engineer -in-Chief, RWS&S, Hyderabad.
The Chief General Manager, NABARD, Hyderabad
The Advisor to Govt., RWS&S
SC/SF.

//FORWARDED::BY ORDER//

SECTION OFFICER

ANNEXURE to the G.O.Rt.No.499 , PR&RD (RWS.IV) Dept., Dated.24.7.2017
The terms and conditions approved by the Government

Borrower	Telangana Drinking Water Supply Corporation Ltd. (TDWSCL)
Promoter/ Sponsor	Govt. of Telangana
Lender	NABARD
Project	Telangana State Drinking Water Project in two segments viz Palair and Wyra of Khammam District of Telangana State.
Project Cost and Funding	Project cost: Rs.993.00 crore Term Loan: Rs 794.40 crore Promoter contribution : Rs 198.60 crore
Promoter's Contribution	Rs 198.60 crore from Govt.of Telangana/TDWSCL (20% of the project cost)
Facility	Term loan
Commercial Operations Date (COD)	Estimated completion date: Mar 2019. The disbursement to be allowed upto Sept.2019 to facilitate final settlement of bills.
Purpose of the Facility	To fund drinking water supply
Interest Rate	10.00% p.a with quarterly rests
Interest Resetting	Resetting every three years from the date of last disbursement. Reset will be based on the interest trend at the time of reset.
Upfront Fees	NIL
Interest Period	Interest will be applicable on the outstanding principal at the end of every quarter, payable every quarter.
Moratorium	2 years (only for principal repayment)- 8 quarters
Repayment	14 years including 2 years moratorium. Principal to be repaid in 48 quarters.
Availability	After verification of 'conditions' and submission of documents.
Additional Interest	None
Commitment Fees	None
Prepayment Penalty	1% on the outstanding principal. Provided that no prepayment penalty would be payable to the Lenders if prepayment is made: 1. At the instance of the Lenders; 2. From the business revenue /proceeds of any grant/ insurance proceeds/ liquidated damages received in respect of this financed assets or the project. No prepayment penalty for prepayment at the time reset.
Penal Interest	2 % p.a. on the delayed payment/ default amount.
Security	Unconditional and irrevocable guarantee from the Govt. of Telangana covering repayment of both principal and interest.
Legal Expenses	Actual legal expenses incurred by the Lender for documentation, filing of charges, search report, etc. shall be borne by the Borrower.
Interest tax, levies and duties	Interest tax / other levies / duties, if any, applicable, would be payable by the Borrower over and above the rates mentioned hereinabove.
Pre commitment and other conditions	
Pre commitment conditions	The Borrower/ promoters (as applicable) would: 1. Undertake to bring in the Promoter's contribution for the New Project as per the Project requirements and approved Financing plan.

	<ol style="list-style-type: none"> 2. Provide an undertaking that in case of any shortfall in Promoter's Contribution as envisaged, the same would be met by the Promoter in a form and manner satisfactory to the Lender. 3. Provide an undertaking that in case of any cost over-run in the Project cost, the same would be met by the Promoters from further Promoter's Contribution arranged by Promoters without recourse to Project assets, in a manner and to the satisfaction of the Lender. 4. Undertake to furnish to the Lender such information and data as may be required by them or any agency appointed by the Lender to ensure that the physical progress as well as expenditure incurred on the New Project are as per schedule. 5. Certify that all aspects of the Projects will be in strict conformity with all standards and requirements. 6. Undertake to obtain all statutory and non-statutory clearances required during implementation and for operation of the New Project. 7. Agree that the Lender reserves the right to appoint independent /concurrent auditors for the review of the Project as deemed fit during the currency of the loan. 8. Agree that in the event of reduction in Project cost on account of any savings on account of duties/other taxes, price negotiations or otherwise, there would be a pro-rata reduction in all components of means of finance. Also agree that in case of substantial increase in the New Project cost upon review by the Lenders Engineer, appointed by the lender the Project would come up again for detailed appraisal notwithstanding the fact that the additional cost will be borne by the borrower. 9. Agree that the Lender would have the right to stipulate any other condition or call for additional documentation, as it may think necessary or expedient in such an event.
Pre disbursement conditions	<p>Disbursement of the loan amount is subject to satisfactory verification of the following:</p> <ol style="list-style-type: none"> 1. Satisfactory due-diligence and submission of required documents. 2. Satisfactory audit of the Borrower's books, if so desired by the Lender, including bank statement, borrowings, etc.
	<ol style="list-style-type: none"> 3. Satisfactory assessment of Land for new projects. 4. Verification that no duplicate loans have been taken for the New Project.
	<p>5. Verification of design of project & site inspection as may be necessary</p> <p><u>Documents to be submitted:</u></p> <ol style="list-style-type: none"> 1. Certified extract of the Board Resolution passed in a meeting of the Board of Directors of TDWSCL(Borrower) for availing the credit facilities from the Lender and containing the following particulars: <ol style="list-style-type: none"> a. Acceptance of the Terms and Conditions of the credit facility, as stipulated by the Lender. b. Authority in favor of Directors/Authorized Signatory to execute the security documents for availing the credit facilities sanctioned to the Borrower. c. Affixation of the Common Seal of the Borrower on the security documents and vesting of authority to authenticate such affixation. d. Authority in favour of Directors/Authorized Signatory for filing the documents and Form CHG1 with the Registrar of Companies for creating a charge over the assets of the Borrower in favor of the Lender. 2. Submission of unconditional, irrevocable , irreversible Govt. Guarantee from Govt. of Telangana for repayment of principal and payment of interest. 3. Letter of commitment / Govt. order from the Finance Department, Govt. of Telangana to provide adequate annual budgetary support for contributing 20 % of the project cost as Govt. share (margin) and debt servicing till the period entire outstanding loan along with interest is cleared.

	<ol style="list-style-type: none"> 4. Certificate to the effect that the water usage for the project is and will be within the overall water allocation made to the State. 5. Letter of Undertaking for all Pre-commitment conditions as mentioned above. 6. General Agreement for Term Loan. 7. Certificates and statutory clearances from Government authorities: Land Use Permission, Revenue authorities, Local Municipal Corporation, Environmental authorities, etc if any. 8. The Charge created over the assets of the Borrower in respect of the credit facilities sanctioned herein, should be registered with the Registrar of Companies within 30 days from the date of execution of documents and filed copies of Form CHG 1, together with receipt, should be deposited with the Lender. The Certificate of Registration is to be produced before the Lender, within a reasonable time. 9. TDWSCL may be required to submit the final audited statements duly approved by their BOD before any disbursements under this project.
Event of Default	<p>The Lender reserves the right to call up the Facility, impose any other terms and conditions unless cured, as may be deemed fit upon the happening of any of the following event of Default (each an "Event of Default"):-</p> <ol style="list-style-type: none"> 1. Any installment of principal amount of or interest on the Facility remaining unpaid for a period exceeding thirty (30) days from their respective due dates. 2. The Borrower committing any breach or default in the performance or observance of the material covenants of the Facility Agreement and such breach or default continues for a period of ninety (90) days. 3. Execution or distress being enforced or levied against the whole or any part of the Borrower's property is not discharged or stayed within a period of ninety (90) days from the date of enforcement or levy. 4. The Borrower ceasing or threatening to cease to carry on its business for a period exceeding ninety (90) days. 5. The occurrence of any event or circumstance which is prejudicial to or imperils or depreciates the security given to the Lender materially and such event or circumstance continues to have an effect for a period in excess of ninety (90) days. 6. A receiver being appointed in respect of the whole or any part of the property of the Borrower and such appointment is not stayed, quashed or dismissed within a period of ninety (90) days.
Environment related covenants	<p>The Borrower would, at all times during the currency of the assistance, comply with the Environmental, Health, Safety and Social (EHSS) requirements specified below:</p> <ol style="list-style-type: none"> 1. Ensure compliance with provisions of all applicable legislation, and clearances issued there under, and maintenance of documents to be able to demonstrate compliance with the same. 2. Ensure compliance with all conditions stipulated in the State and Central environmental clearances obtained by the Borrower for the Project. 3. Forward copies of any relevant Internal or consultant's reports or annual/ other periodical reports on the environmental and social status and performance of the operations.
Documentation	<p>The Borrower would also have to comply with customary covenants such as, Financial covenants, Representation & Warranties from the Borrower, Conditions Precedent to the effectiveness of the loan and conditions precedent to each disbursement, Affirmative covenants by Borrower, Negative Covenants, Additional Covenants, Information Covenants, Events of Defaults by the Borrower and the Consequences of the Event of Default, RBI disclosure norms, as applicable, etc. The Borrower would execute / cause to execute such loan and security documents as may be required by the Lender.</p>

Additional covenants	<ol style="list-style-type: none">1. Default, if any, committed by the Borrower, in discharge of the Borrower's such obligation, as the Lender may deem appropriate and necessary, to disclose and furnish to Credit Information Bureau (India) Ltd. and any other agency authorized in this behalf by Reserve Bank of India.2. In case the Borrower commits any default in the repayment of the Loan/Advances or in the payment of the interest thereon or any of the agreed installment of the loan on due dates, NABARD/Reserve Bank of India will have an unqualified right to disclose or publish the Borrower's name or name of the Proprietor / Director as defaulters in such manner and through such media as NABARD or Reserve Bank of India in their absolute discretion may think fit.3. Legal audit of the security documents executed by the Borrower will be undertaken by the Lender if need be at the cost of the borrower.4. This sanction does not vest in any one the right to claim any damages against the Lender for any reason whatsoever.5. The letters exchanged between the Lender and the Borrower shall form an integral part of the loan and security documents and shall be annexed to the General Agreement for Term Loan.6. The Borrower should maintain up-to-date adequate books and records, which should correctly reflect their financial position and scope of operations and should submit at stipulated intervals. The Borrower should produce books of accounts for inspection of the Lender or its authorized representative, as and when called for.7. The Borrower should submit provisional financial statements within one month and audited financial statements within nine months from the date of closure of the accounting year.8. The Borrower should keep the Lender informed of the happening of any event likely to have a substantial effect on their profits or business and the remedial measures taken in this regard.9. The fact that the New Project is supported by the Lender should be prominently displayed in all locations through appropriate sign boards.
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